

## Irish Ferries (UK) Limited Pension Scheme

# Annual Implementation Statement

### Scheme year ending 30 September 2023

#### 1 Introduction and purpose of this Statement

1.1 This document is the Annual Implementation Statement (“the Statement”) prepared by the Trustees covering the Scheme year to 30 September 2023. The purpose of this Statement is to:

- detail any reviews of the Statement of Investment Principles (‘SIP’), required under section 35 of the Pensions Act 1995, that the Trustees has undertaken, and any changes made to the SIP over the year as a result of the review;
- set out the extent to which, in the opinion of the Trustees, the Scheme’s SIP has been followed during the year;
- describe the voting behaviour by, or on behalf of, the Trustees over the year (including the most significant votes cast by the Trustees or on their behalf); and
- set out the extent to which, in the opinion of the Trustees, the engagement policy within the SIP has been followed during the year.

The latest version of the SIP can be found online here:

<https://ifpensionscheme.com/wp-content/uploads/2020/09/Irish-Ferries-UK-Limited-Pension-Scheme-SIP-September-2020.pdf>

#### 2 Review of and changes to the SIP

##### *Review of the SIP and changes made during the Scheme year*

2.1 The SIP was last updated by the Trustees on 24 September 2020, to reflect new regulatory requirements to describe the Trustees’ policy on sustainable investment, the extent to which non-financial matters are taken into account (if at all) and their policy on voting and engagement all of which came in to force on 1 October 2019. No changes were made by the Trustees during the reportable Scheme year.

##### *Subsequent review of and changes to SIP (post Scheme year-end)*

2.2 The SIP was reviewed by the Trustees at their meeting in March 2024 in light of the changes made to the investment strategy in May 2023. The Trustees concluded that no changes were required to the SIP. However, the Investment Portfolio Document (IPD) was updated to reflect the current investment benchmark.

#### 3 Adherence to the SIP

3.1 The Trustees believe the policies set out in the SIP have been followed during the 2022/23 Scheme year and the justification for this is set out in the remainder of this section.

##### *Overall investment objective as set out in the SIP*

3.2 The Trustees’ investment objectives are described in the SIP.

### ***How do the Trustees meet their investment obligations?***

- 3.3 The Trustees meet these objectives by regularly reviewing the investment strategy - the most recent review was carried out in March 2023 when the Trustees updated their strategic asset allocation to reduce the allocation to growth assets from 50% to 33% and disinvested from the Diversified Fund. The Trustees also reviewed the structure of their bond assets in order to provide a better hedge against the movements in liability value due to interest rate and inflation changes.

### ***Professional advice***

- 3.4 The Trustees are aware of the requirement to take professional advice when setting and reviewing investment strategy. The Trustees use WTW on an ad-hoc basis to provide such advice.
- 3.5 The Trustees have established Investment advisor objectives and monitor these on a regular basis.

### ***Investment strategy***

- 3.6 The Trustees recognise that the Scheme's investment strategy is of primary importance in seeking to achieve their investment objectives.
- 3.7 The table below sets out the strategic asset allocation benchmark:

<b>Asset class</b>	<b>Benchmark (%)</b>
Global Equities	33.0%
Government Bonds	67.0%

### ***Investment manager arrangements***

- 3.8 There were no changes to the investment managers employed to manage the Scheme's asset during the year.
- 3.9 The Scheme's portfolio is comprised of global equities and UK government bonds. All the Scheme assets are managed passively by Legal and General Investment Management (LGIM).
- 3.10 The asset allocation and the investment vehicles through which it is implemented ensures the portfolio has a suitable mix of return-seeking and matching assets, consistent with the Trustees' policy.

### ***Risk management***

- 3.11 The Trustees have identified several risks involved in the management of the Scheme assets which are considered when reviewing the investment arrangements. These risks and the process through which they are managed are laid out in the Scheme' Risk Register. The Trustees continued to review and monitor these risks in line with their SIP over the year.

## **4 ESG considerations**

- 4.1 Considering the Scheme's investment funds are passively managed, the Trustees take a pragmatic approach to ESG considerations. This is reflected in the SIP.

- 4.2 The Trustees have delegated responsibility for the selection, retention and realisation of investments to the underlying investment managers. The Trustees recognise that long-term sustainability issues, including climate change, may have an impact on investment risk and outcomes. At the present time the strategy is to invest predominantly in passive funds which do not take explicit account of social, environmental and governance considerations in the selection, retention and realisation of investments. However, the Trustees do review the strategy on an ongoing basis and may reflect these factors in subsequent changes to the strategy or to underlying investment managers.
- 4.3 The Trustees continue to develop their approach to ESG monitoring and will continually review LGIM's Sustainable investment reports annually.

## 5 Voting and engagement

- 5.1 All the Scheme's investments are held within pooled funds. The key area of activity during the Scheme year was to consider how to monitor (and measure) LGIM's performance in these areas.
- 5.2 Due to the passive nature of the Scheme's investments, the Trustees recognise that no material decisions are taken by the investment manager on the holdings to be included in the portfolio. However, the Trustees expect that the extent to which social, environmental, governance or ethical issues may have a fundamental impact on the portfolio will be taken into account by the investment manager in the exercise of their delegated duties. The Trustees expect LGIM to actively engage with the Companies of which it holds shares in the funds on their behalf. This is because the pooled nature of the invested funds and the Scheme's relatively small size and limited resources mean the Trustees cannot directly engage with these Companies themselves in a proportionate way.
- 5.3 The Trustees have delegated all voting and engagement activities to the underlying manager, but nevertheless expect effective activities in these areas to form part of their processes. The Trustees, with the help of their investment advisor, will continue to review LGIM's Stewardship policies (made available at the following link <https://www.lgim.com/uk/en/capabilities/corporate-governance/>)

### Voting

- 5.3 The following table sets out a summary of the voting statistics for the Scheme's LGIM funds for the year ending 30 September 2023:

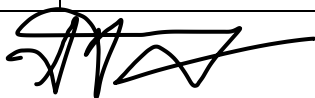
Manager and strategy	Voting activity
<b>LGIM World Equity Index Fund</b>	<ul style="list-style-type: none"> <li>• Number of meetings at which the manager was eligible to vote: 6,324</li> <li>• Number of resolutions on which manager was eligible to vote: 64,047</li> <li>• Percentage of resolutions on which the manager voted (out of those resolutions where the manager was eligible to vote): 99.92%</li> <li>• Percentage of votes with management: 79.84%</li> <li>• Percentage of votes against management: 19.53%</li> <li>• Percentage of votes abstained from: 0.62%</li> <li>• Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 62.81%</li> <li>• Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy advisor: 11.11%</li> </ul>

## Engagement

- 5.4 The Trustees have relied on the investment manager's criteria on determining the most significant votes for each Fund and has then decided on a selection of those to disclose in the implementation statement based on criteria they set.
- 5.5 The table below demonstrates some of the more significant votes cast on behalf of the Scheme over the year to 30 September 2023:

Manager	Significant votes cast
LGIM	<p><b><u>Company: Amazon.com, Inc.</u></b></p> <p><b><u>Meeting date: 25 May 2023</u></b></p> <p><b>Shareholder resolution:</b> Report on Median and Adjusted Gender/Racial Pay Gaps.</p> <p><b>How the manager voted:</b> For (Against Management Recommendation)</p> <p><b>Outcome:</b> Fail (29% votes supported the resolution)</p> <p><b>More details:</b> A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives. Board diversity is an engagement and voting issue, as LGIM believe cognitive diversity in business – the bringing together of people of different ages, experiences, genders, ethnicities, sexual orientations, and social and economic backgrounds – is a crucial step towards building a better company, economy and society.</p>
LGIM	<p><b><u>Company: Alphabet Inc.</u></b></p> <p><b><u>Meeting date: 25 May 2023</u></b></p> <p><b>Shareholder resolution:</b> Approve Recapitalization Plan for all Stock to Have One-vote per Share.</p> <p><b>How the manager voted:</b> For (Against Management Recommendation)</p> <p><b>Outcome:</b> Fail (30.7% votes supported the resolution)</p> <p><b>More details:</b> Shareholder rights: A vote in favour is applied as LGIM expects companies to apply a one-share-one-vote standard.</p>
LGIM	<p><b><u>Company: Exxon Mobil Corporation</u></b></p> <p><b><u>Meeting date: 25 May 2023</u></b></p> <p><b>Shareholder resolution:</b> Shareholder resolution calling for a Report on Asset Retirement Obligations Under IEA Net Zero Emissions Scenario.</p> <p><b>How the manager voted:</b> For (Against Management Recommendation)</p> <p><b>Outcome:</b> Fail (10.9% votes supported the resolution)</p> <p><b>More details:</b> Together with CBIS, LGIM has co-filed a shareholder resolution asking for more transparency on the retirement costs of Exxon's asset base. In LGIM's view, this is a highly relevant and financially material matter, and by filing this proposal they are seeking greater clarity into the potential costs Exxon may incur in the event of an accelerated energy transition.</p>

Signed:



Name: Ed Murray

Title: Trustee Chair

Authorised for and on behalf of the Trustees of the Scheme